

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 00-0305P

Use Tax

Calendar Years 1997 and 1998

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer manufactures a variety of equipment including overhead and rear projection screens, computer carts, stands, monitor mounts, lectern stands and cabinets. At audit, it was determined that the taxpayer failed to pay tax on computers, office supplies, forklifts, janitorial supplies, subscriptions, and other clearly taxable items. Taxpayer was previously audited in 1995 with the same or similar issues.

Taxpayer failed to remit use tax on clearly taxable purchases although it had a use tax accrual system in place.

1. **Tax Administration** – Penalty

DISCUSSION

Taxpayer's audit report revealed that it failed to remit use tax on clearly taxable items that were issues in a prior audit. The current audit assessed tax in excess of \$30,000 for a two-year period while the prior audit assessed almost \$14,000 for a three-year period.

Taxpayer states it was going through an exhausting system implementation to get ready for the year 2000 and a turnover of key financial personnel. A penalty waiver is requested.

Taxpayer made no attempt to self assess use tax on taxable purchases that were issues in a prior audit. The purchases for which no use tax was accrued or paid amounted to forty percent (40%) and seventy-two percent (72%) of the use tax due for calendar years 1997 and 1998 respectively. Taxpayer did not provide reasonable cause to allow a waiver of the penalty.

FINDING

Taxpayer's protest is denied.

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